



Property Casualty Insurers
Association of America
Shaping the Future of American Insurance
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STATEMENT

PROPERTY CASUALTY INSURERS ASSOCIATION OF AMERICA (PCI)

S.B. No. 17 - AN ACT CONCERNING MILEAGE-BASED AUTOMOBILE INSURANCE POLICIES

COMMITTEE ON INSURANCE AND REAL ESTATE

February 16, 2012

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on SB 17, which would require the Insurance Commissioner to promulgate regulations to establish standards for certain mileage based automobile insurance policies. Our comments are provided on behalf of the member companies of PCI, a national property casualty trade association with over 1,000 member companies. PCI member companies provide 50 percent of Connecticut's personal auto insurance coverage.

PCI is opposed to this legislation because it is unnecessary and may stifle or prevent the development of innovative new insurance products utilizing verified actual mileage. Verified actual mileage underwriting is a relatively new and developing technology which can provide consumers with additional options to meet their auto insurance needs. Promulgating regulations relative to this new technology may unintentionally and unnecessarily limit policy innovations utilizing this technology and thereby limit future consumer choice.

The Insurance Department currently has ample authority to review the proposed use of verified actual mileage technology in underwriting or rating and ensure that such technology is not used inappropriately. In fact, it is PCI's understanding that policies utilizing verified actual mileage in underwriting have currently been approved by the Insurance Department and are being offered in Connecticut.

PCI would submit that this legislation would require the Insurance Department to promulgate regulations relative to the use of this emerging technology based upon today's technology and these regulations may stifle future innovations because if this bill were enacted, regulatory changes may be necessary in the future in order to employ new technology. For example, the legislation would require the regulations to include "methods that are available statewide for the verification of the mileage of an automobile insured under such policies". Mileage verification methods will almost certainly increase and evolve as technology advances and this bill would prevent the utilization of any such new methods until an amendment to the regulation is promulgated. This cumbersome approach to the utilization of new technology may make Connecticut an outlier in the future as

more advanced technology is readily utilized in other states, but would be delayed in Connecticut while the process of amending the regulation is ongoing.

While PCI believes that this legislation is generally unnecessary and unwarranted, PCI also has specific concerns about the provisions in proposed subsection (e)(2) which would prohibit insurers from requiring the purchase of an actual mileage policy or requiring an applicant to provide actual mileage data in conjunction with an “estimated mileage policy” (undefined term). Some insurers request mileage data in conjunction with policies so as to provide some verification of a policyholder’s estimated mileage and guard against fraud. This bill would prohibit insurers from seeking this data and would leave insurers with no method by which to ensure that policyholders’ claims regarding estimated miles driven are accurate. Also, certain specialized policies, such as antique and hobby policies are currently partially based upon restricted mileage and usage and the prohibitions contained in (e)(2) would cause substantial problems and disruption for this type of business.

For the foregoing reasons, PCI urges your Committee to not favorably advance SB 17.